

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

GETRONICSWANG CO., LLC,)
)
Plaintiff,)
)
v.) CIVIL ACTION NO. 04-12382(RCL)
)
HYNIX SEMICONDUCTOR, INC.,)
SAMSUNG ELECTRONICS CO.,)
LTD.)
)
Defendants)
)
)

AFFIDAVIT OF ANTHONY PAOLILLO IN SUPPORT OF PLAINTIFF'S
MOTION FOR SUMMARY JUDGMENT

I, Anthony Paolillo, hereby depose and state as follows:

1. I am the Director of North American Taxes at GetronicsWang Co., LLC (“Getronics”), the successor to Wang Laboratories (“Wang”). I have held that position since 2000. I have been employed at Wang and Getronics in various capacities since 1986, with the exception of a period of time in 1993-94. Getronics acquired Wang in 1999.

2. I have reviewed Getronics’ business records to determine the amounts set forth below. I have personal knowledge of the matters set forth in this affidavit.

Samsung Electronics Co., Ltd. (“Samsung”)

3. Pursuant to the license agreement between Samsung and Wang, Samsung owed Wang royalties totaling \$ 6,206,482 (US) for Samsung’s use of Wang’s patent from 1990 -1995.

4. When making its royalty payments, Samsung applied the currency rate applicable when the royalties accrued.

5. When making its royalty payments, Samsung withheld \$ 1,000,792 (US) (16.25%) from the total royalties due, converted that amount into Won, and paid the Won to the Korean National Tax Service.

6. When the Korean National Tax Service ultimately refunded to Samsung the Won Samsung withheld from the royalty payments, Samsung paid to Getronics/Wang \$808,360 (US).

7. Getronics has demanded that Samsung pay the difference between the amount withheld (paragraph 5, above) and the amount paid by Samsung in 2003 (paragraph 6, above) (“Samsung Exchange Rate Claim”). To date, Samsung has not paid the Samsung Exchange Rate Claim.

8. According to the license agreement between Samsung and Wang, interest on the Samsung Exchange Rate Claim accrues at 1%. As of January 15, 2006, the interest that has accrued on the Samsung Exchange Rate Claim is \$ 69,276. Getronics has demanded that Samsung pay the interest that has accrued on the Samsung Exchange Rate Claim, but Samsung has not made payment to date.

9. Interest on Samsung’s late royalty payments, the sums withheld from the royalty payments during 1992 until December 31, 2002, accrues at 1%. As of January 15, 2006, the interest that has accrued on Samsung’s late royalty payments is \$ 1,209,684.

10. Getronics has demanded that Samsung pay the late royalty payments plus interest. To date, Samsung has not made payment.

Goldstar Electron Co., Ltd. (“Goldstar”)

11. Pursuant to the license agreement between Goldstar and Wang, Goldstar owed Wang royalties totaling \$ 5,382,784 (US) for Samsung’s use of Wang’s patent from 1992 - 1997.

12. When making its royalty payments, Goldstar applied the currency rate applicable when the royalties accrued.

13. When making its royalty payments, Goldstar withheld \$ 723,578 (US) (16.25%) from the total royalties due, converted that amount into Won, and paid the Won to the Korean National Tax Service.

14. When the Korean National Tax Service ultimately refunded to Goldstar the Won Goldstar withheld from the royalty payments, Goldstar paid to Getronics/Wang \$482,366 (US).

15. Getronics has demanded that Goldstar pay the difference between the amount withheld (paragraph 13, above) and the amount paid by Goldstar in 2003 (paragraph 14, above) (“Goldstar Exchange Rate Claim”). To date, Goldstar has not paid the Goldstar Exchange Rate Claim.

16. According to the license agreement between Goldstar and Wang, interest on the Goldstar Exchange Rate Claim accrues at 1%. As of January 15, 2006, the interest that has accrued on the Goldstar Exchange Rate Claim is \$ 84,424. Getronics has demanded that Goldstar pay the interest that has accrued on the Goldstar Exchange Rate Claim, but Goldstar has not made payment to date.

17. Interest on Goldstar's late royalty payments, the sums withheld from the royalty payments during 1992 to January 31, 2003, accrues at 1%. As of January 15, 2006, the interest that has accrued on Goldstar's late royalty payments is \$ 802,178.

18. Getronics has demanded that Goldstar pay the late royalty payments plus interest. To date, Goldstar has not made payment.

Hyundai Electronics Industries Co., Ltd. ("Hyundai")

19. Pursuant to the license agreement between Hyundai and Wang, Hyundai owed Wang royalties totaling \$ 803,987 (US) for Hyundai's use of Wang's patent from 1993 - 1995.

20. When making its royalty payments, Hyundai applied the currency rate applicable when the royalties accrued.

21. When making its royalty payments, Hyundai withheld \$129,643 (US) (16.25%) from the total royalties due, converted that amount into Won, and paid the Won to the Korean National Tax Service.

22. When the Korean National Tax Service ultimately refunded to Hyundai the Won Hyundai withheld from the royalty payments, Hyundai paid to Getronics/Wang \$93,724 (US).

23. Getronics has demanded that Hyundai pay the difference between the amount withheld (paragraph 21, above) and the amount paid by Hyundai in 2003 (paragraph 22, above) ("Hyundai Exchange Rate Claim"). To date, Hyundai has not paid the Samsung Exchange Rate Claim.

24. According to the license agreement between Hyundai and Wang, interest on the Hyundai Exchange Rate Claim accrues at 1.5%. As of January 15, 2006, the interest that

has accrued on the Hyundai Exchange Rate Claim is \$22,164. Getronics has demanded that Hyundai pay the interest that has accrued on the Hyundai Exchange Rate Claim, but Hyundai has not made payment to date.

25. Interest on Hyundai's late royalty payments, the sums withheld from the royalty payments during 1993 to 2003, accrues at 1.5%. As of January 15, 2006, the interest that has accrued on Hyundai's late royalty payments is \$219,562.

26. Getronics has demanded that Hyundai pay the late royalty payments plus interest. To date, Hyundai has not made payment.

Costs and Attorneys' Fees

27. Wang and Getronics incurred costs and attorneys' fees to initiate and complete a competent authority proceeding to collect on monies owed by Defendants under their respective license agreements.

28. Getronics has also incurred costs and attorneys' fees in prosecuting this action against Defendants to remedy their breaches of their respective license agreements.

29. Getronics has demanded that Defendants pay these costs and attorneys' fees, but Defendants have not made payment to date.

30. Attached hereto as Exhibit 1 is a spreadsheet detailing the dates on which the Defendants withheld funds, the amounts withheld, and the interest that has accrued. This ends my affidavit testimony.

SIGNED UNDER THE PAINS AND PENALTIES OF PERJURY.

Date: January 19, 2006

/s/ Anthony Paolillo
Anthony Paolillo

Interest Calculation Korean Withholding

<u>Company</u>	<u>Withholding Date</u>	<u>Date Paid</u>	<u>Months Elapsed</u>	<u>Withholding Amount</u>	<u>Interest per month</u>	<u>Interest Amount</u>	<u>Rate of Interest Due</u>
LATE ROYALTY PAYMENTS							
Hyundai	8/25/1993	1/31/2003	113	129,000	1.50%	169,50%	218,655
Hyundai	3/8/1995	1/31/2003	94	643	1.50%	141.00%	907
Total							219,562
EXCHANGE RATE CLAIM							
Hyundai	1/31/2003	1/15/2006	35	42,218	1.50%	53%	22,164
Total							241,726
LATE ROYALTY PAYMENTS							
Goldstar	5/27/1992	1/31/2003	128	201,563	1.00%	128.00%	258,001
Goldstar	9/28/1992	1/3/2003	124	132,513	1.00%	124.00%	164,316
Goldstar	3/2/1993	1/31/2003	118	212,006	1.00%	118.00%	250,167
Goldstar	1/15/1996	1/31/2003	74	94,875	1.00%	74.00%	70,208
Goldstar	1/20/1997	1/31/2003	72	82,500	1.00%	72.00%	59,400
Goldstar	1/20/1997	1/31/2003	72	121	1.00%	72.00%	87
							802,178
EXCHANGE RATE CLAIM							
Goldstar	1/31/2003	1/15/2006	35	241,212	1.00%	35.00%	84,424
Total							886,603
LATE ROYALTY PAYMENTS							
Samsung	3/1/1992	12/31/2002	129	171,578	1.00%	129.00%	221,336
Samsung	6/25/1992	12/31/2002	126	410,210	1.00%	126.00%	516,865
Samsung	8/2/1992	12/31/2002	124	196,254	1.00%	124.00%	243,355
Samsung	8/31/1993	12/31/2002	112	105,446	1.00%	112.00%	118,100
Samsung	3/1/1994	12/31/2002	105	24,224	1.00%	105.00%	25,435
Samsung	8/30/1994	12/31/2002	100	15,791	1.00%	100.00%	15,791
Samsung	3/3/1995	12/31/2002	93	15,771	1.00%	93.00%	14,667
Samsung	8/29/1995	12/31/2002	88	61,518	1.00%	88.00%	54,136
							1,209,684
EXCHANGE RATE CLAIM							
Samsung	12/31/2002	1/15/2006	36	192,432	1.00%	36.00%	69,276
Total							1,278,959